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Insurance and Real Estate Committee
Testimony in Support of SB 14 AAC Pharmacy Audits and Electronic
Funds Transfer Payments to Pharmacies
February 18, 2014

Senator Crisco, Representative Megna and Members of the Insurance and Real Estate Committee, my name is Carrie Rand-Anastasiades. I am the Executive Director of the CT Association of Community Pharmacies. We are an Association representing large pharmacies such as Walgreens, Rite-Aid, Genoa Healthcare and Price Chopper to name a few. I would like to testify in support of SB 14, AAC Pharmacy Audits and Electronic Funds Transfer Payments to Pharmacies.

Numerous States across the country have passed legislation setting parameters of pharmacy audits by Pharmacy Benefit Managers (PBM's) to curtail their abusive practices. Audits were originally used as mechanisms to prevent fraud and abuse, which is reasonable and just. Unfortunately, pharmacy audits have become a way for PBM's to further limit their costs. They are no longer focussed on fraud and abuse but technical miscues. The PBM's constantly make unilateral changes to pharmacy audit practices and procedures making it more difficult, to almost impossible, for pharmacies to comply. The PBM's then use leverage, in the forms of extrapolation and recoupment, over pharmacies in an unreasonable manner resulting huge dollar amounts.

Although we would like to work with the Committee on the fine details, we feel this is a good bill that builds a framework in which everyone can operate. It begins to deal with appropriate notice provisions of an audit so pharmacies can prepare. In addition also provides structure to the appeals process and prohibits contingency fees for auditors. It defines the period of time an audit can occur within and also how much time pharmacies are afforded to respond to they audit report. We do however recommend that the committee remove the section that allows for the use of extrapolation. The amounts recoverable should only be the amounts of actual loss, not estimated loss. This is an abusive practice and one of the reasons this type of legislation is being enacted around the country.

We urge you to support this legislation with changes.

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